

## Acme Generics LLP

	Amount Outstanding	Rating Action
	Rs Crore	August 2016
Term loan	75.0	[ICRA]BBB (SO) (stable) assigned
Cash Credit Facilities	10.0	[ICRA]BBB (SO) (stable) assigned
<b>Total</b>	<b>85.0</b>	

ICRA has assigned **[ICRA]BBB (SO)** (pronounced as ICRA triple B Structured Obligation) rating to the Rs. 85.0 Crore<sup>1</sup> bank facilities of Acme Generics LLP. The outlook on the long term rating is '**stable**'. The letters SO in parenthesis suffixed to a rating symbol stand for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned.

ICRA's rating for Acme Generics is based on the unconditional and irrevocable corporate guarantee extended by Acme Formulation Private Limited to the entire bank facilities of Acme Generics, for the timely payment of the principal along with the accrued interest on the due payment dates.

In arriving at the ratings for Acme, ICRA has taken a consolidated view of Acme along with Acme Generics (a partnership firm, wherein Acme holds 81% stake, through direct and indirect holdings). As the excise and income tax exemption available for Acme's manufacturing facility in Baddi ended in 2014-15, to be able to compete, the promoters set up another manufacturing facility under a partnership firm named Acme Generics, which commenced operations in December 2015; a number of products manufactured at Acme are being gradually shifted to the new facility.

### Company Profile

Acme Generics LLP (Acme Generics), a partnership firm established in 2014, is engaged in providing contract dosage form development and manufacturing services to the pharmaceutical industry. Acme Formulations Private Limited (Acme), an established pharmaceutical contract manufacturer, holds a majority stake in the firm (81% through direct and indirect holdings).

The company has a manufacturing facility located in Baddi (Himachal Pradesh). The firm's development and manufacturing capabilities cover prescription products in solid and semi-solid dosage forms. Being located in Baddi, the facility is eligible for 100 per cent outright excise duty exemption for a period of 10 years from the date of commencement of commercial production, 100 per cent income tax exemption for an initial period of five years and thereafter 30 per cent for a further period of five years. The excise and income tax benefits end in 2019-20.

### About the Guarantor

Acme Formulation Private Limited (Acme) is engaged in providing contract dosage form development and manufacturing services to the pharmaceutical industry. The company is a part of the JCBL group, which has a diversified presence across automobiles, pharmaceuticals, information technology and international trading industries.

The company has a manufacturing facility located in Nalagarh, Solan (Himachal Pradesh). Acme's development and manufacturing capabilities cover prescription products in solid and semi-solid dosage forms. Its manufacturing facility, setup in 2003 is engaged in manufacturing tablets and capsules. Being located in Baddi, the facility was eligible for 100 per cent outright excise duty exemption for a period of 10 years from the date of commencement of commercial production, 100 per cent income tax exemption for an initial period of five years and thereafter 30 per cent for a further period of five years. The excise and income tax benefits exemption in 2014-15.

<sup>1</sup> 100 Lakh = 1 Crore = 10 million

**Recent Results**

In 2015-16 (provisional financials), Acme Generics LLP reported an operating income of Rs. 33.4 Crore. The company's operating loss before depreciation, interest and tax stood at Rs. 2.7 Crore.

In 2015-16 (provisional financials), Acme reported an operating income of Rs. 181.6 Crore. The company's operating profit before depreciation, interest and tax stood at Rs. 31.5 Crore.

**August 2016**

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